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April 25, 1975

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National Intelligence Bulletin

April 25, 1975

CONTENTS

VIETNAM: Situation report. (Page 1)

PORTUGAL: Election today will not affect government policies but should reflect public reaction. (Page 4)

LAOS: Plans finalized for King's visit to Pathet Lao headquarters. (Page 7)

PHILIPPINES-US: Manila seeks reaffirmation of US security commitments. (Page 9)

KOREA: Pak concerned about North Korean intentions especially because of Kim's visit to Peking. (Page 10)

NORTH KOREA: Pyongyang defaults on trade debts. (Page 12)

SYRIA: Asad to seek better relations with the US. (Page 13)

[Redacted]

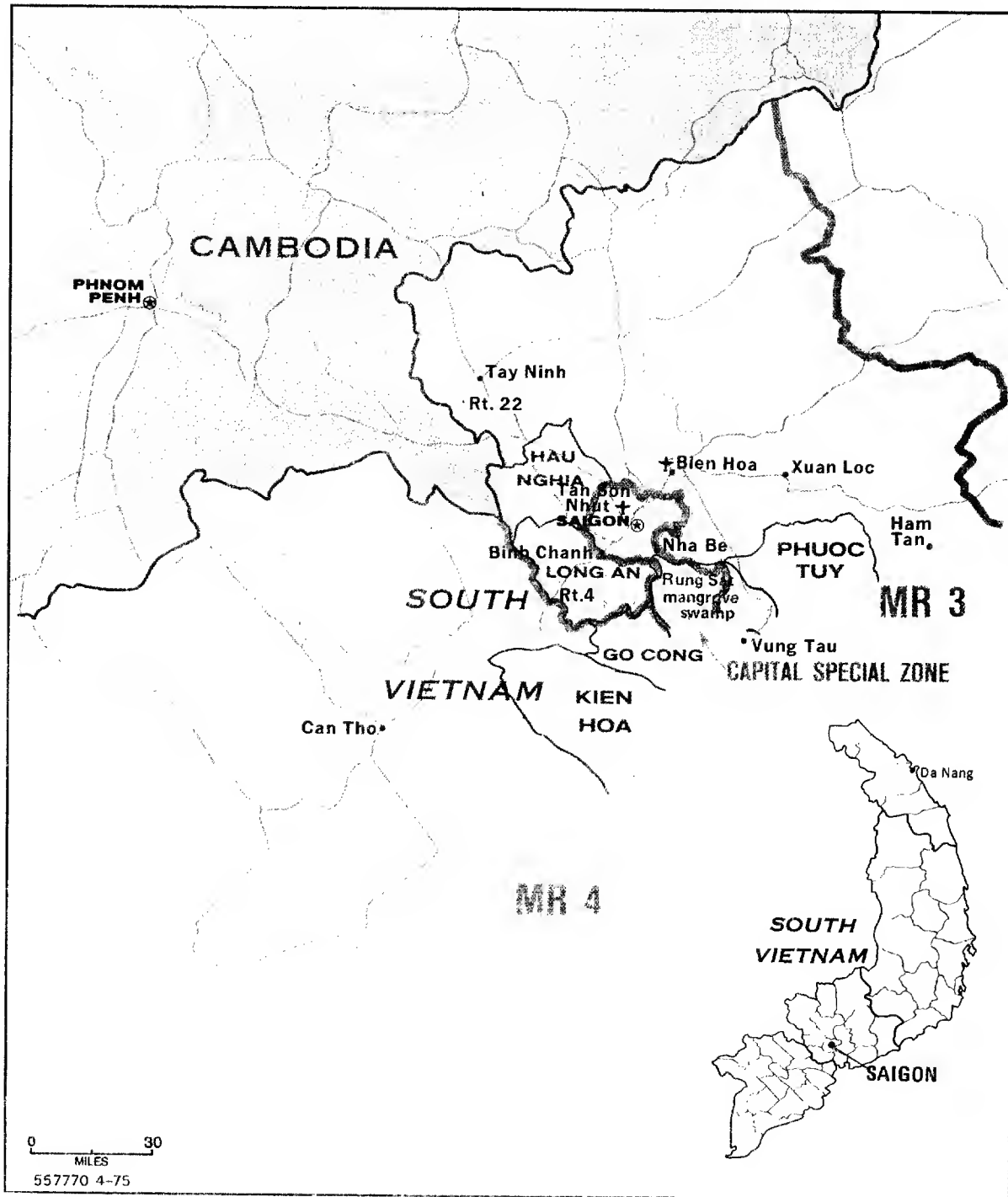
25X1

MOZAMBIQUE: Communist economic and military aid sought. (Page 15)

ETHIOPIA: Some members of military council arrested for coup plot. (Page 16)

[Redacted]

ANNEX: Saigon's Access to the Sea.



National Intelligence BulletinApril 25, 1975

SOUTH VIETNAM

Most communist combat initiatives remain concentrated on the western and southwestern approaches to Saigon.

Communist units on April 24 captured several government outposts blocking their way in Hau Nghia Province. To the south, in Long An Province, the North Vietnamese 8th Division continued driving north, overrunning a number of government positions. If these forces continue at their current rate, they could reach the outskirts of Saigon within a few days.

The threat to the important port of Vung Tau, which is at the mouth of the Saigon River and has been considered as an evacuation site, is growing. The newly arrived 325th North Vietnamese Division, which helped capture Ham Tan several days ago, has moved west and is fast approaching the port city. Another division may be converging on the city from the north. The government has shifted the Airborne brigade and a regiment from the 18th Division extracted from Xuan Loc into Phuoc Tuy Province in an attempt to block North Vietnamese forces moving against the city, but these units and the forces closer to Vung Tau are no match for the communists. Vung Tau could fall within the next one or two days.

Many refugees have been pouring into Vung Tau each day this week--as many as 65,000 arriving in one day. Government officials are also transferring many refugees by ship to the delta to relieve the crowded conditions and to prevent another panic situation such as developed at Da Nang.

Despite these actions, large numbers of people are likely to continue to head for Vung Tau in the belief that is their best hope of escape. At last report, the road from Saigon was still open and both civilian and military traffic were heavy.

The level of fighting is low in the delta. With the movement of communist divisions normally operating there up toward Saigon, the local balance of forces is now more in favor of the government. Some military officials

National Intelligence BulletinApril 25, 1975

admit that the fate of the delta will be decided in Saigon. The defeatist attitude prevalent in the military hierarchy at Saigon and Bien Hoa is now spreading to Can Tho, where the main topic of conversation among the military staff members is the question of what to do when the communists win.

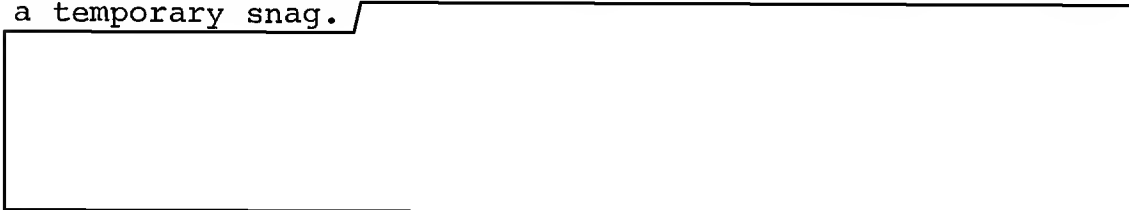


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The South Vietnamese are now able to fly about two thirds of their 1,500 aircraft, mostly from Bien Hoa, Tan Son Nhut, and Can Tho. Official estimates conclude that at the current rate of usage, there is enough ordnance remaining for 15-20 days.

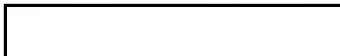
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Negotiations between General "Big" Minh and President Huong to organize a new government have hit at least a temporary snag.



25X1

Minh apparently has picked up some powerful support from among former members of the Thieu government. In a conversation with an American official yesterday, Minh said that Joint General Staff chief Vien agreed that Huong should resign. Former prime minister Khiem will also support Minh's bid and try to persuade Huong to step down. Khiem feels that with his and Vien's support, the military can be persuaded to accept Minh as president.



National Intelligence BulletinApril 25, 1975

A Viet Cong commentary broadcast over Liberation Radio yesterday hardened earlier communist demands for a new government and appeared to support Minh's argument that he is the only South Vietnamese nationalist of prominence with whom the communists might agree to negotiate. The commentary stated that any new government in Saigon must "not consist of those who have closely associated with Thieu." Such a government must demand that the American military and intelligence personnel be immediately withdrawn and "all US warships and Marines be removed." The commentary also reiterated earlier communist opposition to the US evacuation of South Vietnamese, and implied that some action might be taken to stop them. It warned that the US would "be held fully responsible for all consequences" if it insisted on continuing its "present policy."

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25X1

National Intelligence Bulletin

April 25, 1975

PORTUGAL

The Portuguese will go to the polls today--the first anniversary of the overthrow of the Caetano regime--in their first contested election in nearly 50 years.

The left-wing fringe parties have made clear their distaste for this exercise in "bourgeois democracy" and may try to cause trouble at the polls. The Portuguese government has pledged to respond quickly and forcefully to any attempt to disrupt the election.

The voters will elect 247 members of an assembly that is to draft a new constitution; in fact, a substantial portion of that document has already been written by the ruling Armed Forces Movement and accepted by the country's major political parties.

The returns will not affect the composition of the government or significantly alter its policies, but they will provide the first reading of popular reaction to the leftward course the military has charted.

Although the Portuguese Communist Party and its close ally, the Portuguese Democratic Movement, have waged an impressive campaign, recent polls show that even if their votes are combined they have little chance of finishing better than third.

Some Armed Forces Movement spokesmen, not enamored of the election process, are trying to persuade "undecided" voters to cast blank ballots. Should a significant proportion of the ballots be blank, the Movement might seek to portray them as votes for itself or, more likely, as demonstrating that Portugal is not yet ready for democracy.

Portugal's central labor confederation, Intersindical, has joined the Movement's effort to persuade voters to cast blank ballots, as have a few of the smaller socialist groups. The Communist Party, which dominates

National Intelligence Bulletin

April 25, 1975

Intersindical, has not endorsed the campaign, even though such a move would have helped the party solidify its ties with the Movement and would have served to obscure its expected poor showing at the polls.

In the election, which is expected to be relatively free from tampering, the moderate parties will almost certainly poll a clear majority. Some observers estimate the Socialist, Popular Democratic, and Social Democratic Center parties will get 65 to 70 percent of the vote. The three are expected to finish in that order, though the Communist Party could ease out the Social Democrats for third place.

A large majority for the moderate parties would not be a vote of confidence for the Armed Forces Movement, but it might not be a decisive defeat either. The moderate parties have already accepted continued military rule, and all but the Social Democratic Center have platforms that advocate many of the policies espoused by the Movement.

What the dominant radical military officers fear most is that the results may strengthen moderates in the military. A resounding victory for the moderate parties might even provide the impetus for a move within the Movement to restrict the influence of the Communists.

Admiral Rosa Coutinho, who seems to be assuming a position of leadership in the Movement, might be the man to lead an effort to head off the Communists. Coutinho has spoken of forming a new party to become the civilian partner of the Armed Forces Movement. Such a party might be a vehicle not only to reduce the Communist role but also to water down any moderate surge that results from the election.

Whatever the outcome of the election, it will have only an indirect impact on government actions. President Costa Gomes and Admiral Coutinho have said they will not feel constrained by the outcome and will continue on their path toward socialism. The Movement also seems determined to move toward a nonaligned international position, maintaining ties with the West while improving relations with the Third World and Eastern Europe.

National Intelligence Bulletin

April 25, 1975

The election will not silence the opposition to these policies. Conservatives and moderates who oppose the current leadership were thrown off balance by the events of March 11 and what followed. They are still disorganized and unprepared to reassert themselves. They have been nourished on a hope that the election will improve their position. Even if it does not, they are likely to try again to organize themselves against the radical leadership in the months to come. The continuing deterioration of Portugal's economy could strengthen their hand.

25X1

National Intelligence Bulletin

April 25, 1975

LAOS

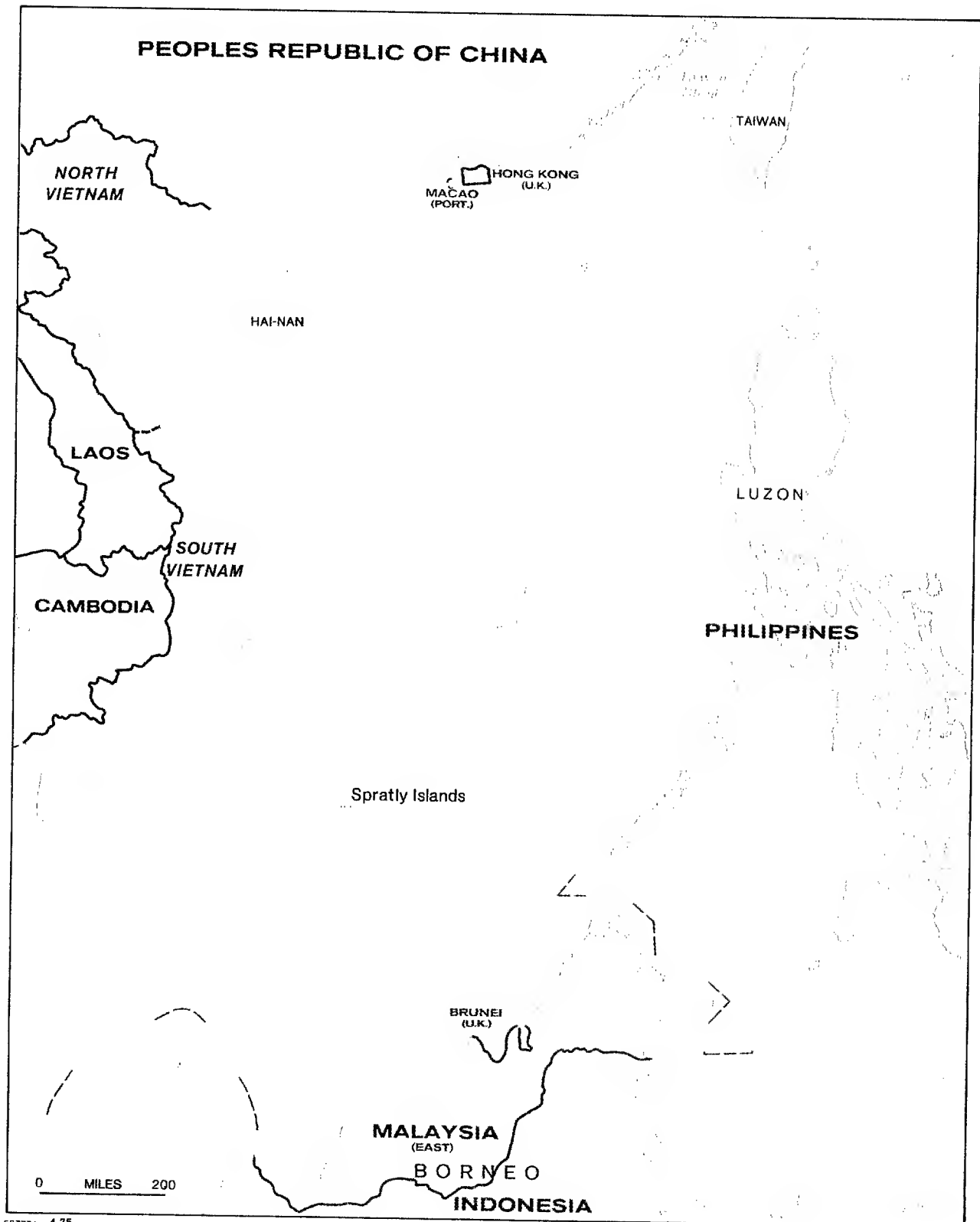
King Savang has finalized previously announced plans to pay his first official visit to Pathet Lao headquarters at Sam Neua in remote northeastern Laos. He is scheduled to arrive on April 28 for a six-day sojourn which may also include trips to other areas in the communist-controlled zone. The King's visit will almost certainly be interpreted as a major step toward national reconciliation and reunification.

The King's 22-member party, which includes senior communist coalition government officials Prince Souphanouvong and Phoumi Vongvichit, will travel from the royal capital of Luang Prabang to Sam Neua via Pathet Lao helicopter. Interior Minister Pheng Phongsavan is the only high-ranking, non-communist coalition official accompanying the royal entourage.

Pathet Lao leader Souphanouvong extended the invitation for the visit and will be in charge of festivities at Sam Neua. He is also handling arrangements for the King's coronation, which is expected to take place sometime before the end of 1976. Souphanouvong's efforts to identify himself with the King, who is held in awe and respect by all Lao groups and factions, could have an important bearing on his acceptability as a future prime minister.

The King's decision to visit Sam Neua will give him the opportunity to demonstrate good will toward Peking as well as the Pathet Lao.

25X1



National Intelligence Bulletin

April 25, 1975

PHILIPPINES-US

President Marcos is using recent reports alleging hostile North Vietnamese activity in the Spratly Islands to seek reaffirmation of US security commitments to the Philippines. Manila claims some of the islands, and stations troops on several.

On April 21, a Philippine defense official raised the "Spratly affair" in the context of the US-Philippine Mutual Defense Treaty, which pledges the US to act to meet an attack on Philippine "armed forces, public vessels, or aircraft in the Pacific in accordance with US constitutional processes." On April 22, the Philippine Department of Foreign Affairs delivered a note to the American embassy advising the US "as an ally under SEATO" that North Vietnamese forces had attacked South Vietnamese - held islands in the Spratlys on April 14.

There is confusion about exactly what happened in the Spratlys on April 13 and 14. Philippine assertions that North Vietnamese gunboats attacked a South Vietnamese garrison there are based in part on the account of a South Vietnamese soldier who fled to a Philippine-held island. The situation may become clearer after the South Vietnamese soldier is brought to Manila for debriefing, and if other accounts, including those of a nearby Philippine garrison, are confirmed.

Philippine officials are convinced that an attack took place and fear that Hanoi may have designs on all of the Spratly Islands. The islands are claimed by a number of countries, including China; Taiwan and the Philippines have garrisons stationed there.

The Spratly affair comes at a time when Philippine officials have been publicly questioning US willingness to honor its security treaties with the Philippines. Marcos is miffed because recent public statements in Washington designed to reassure its allies have not specifically cited Manila. He wants not only a reaffirmation of US willingness to stand by Manila, but also a clarification of the scope of the existing agreements.

25X1

National Intelligence BulletinApril 25, 1975

KOREA

Developments in Indochina coupled with Kim Il-song's recent visit to Peking left President Pak Chong-hui in a somber mood.

In a series of conversations with US officials earlier this week, Pak expressed serious concern that the North Koreans might soon attempt a test of South Korean and US military capabilities and intentions. In his view, the most likely North Korean move would be an attempt to seize and hold one or more of the Yellow Sea islands under control of the UN Command and garrisoned by South Korean forces.

Pak warned of the consequences to South Korean morale should the North Koreans manage to win a foothold on the islands. He quizzed US military officers on existing plans for retaking any lost territory in the face of admitted difficulties in resupply and reinforcement of the island area.

Pak's concerns are not farfetched. In late 1973, North Korea claimed jurisdiction over the waters surrounding the Yellow Sea islands. Since then, the North has made repeated efforts to assert the right of its vessels and aircraft to operate south of the islands; several North-South clashes and near clashes have been triggered by these operations.

Pak's forebodings over the product of Kim Il-song's conversations in Peking, however, may be unwarranted. It is unlikely, for example, that Kim Il-song would seek Chinese approval for any specific military course of action. It would be completely contrary to his commitment to "independence" to offer Peking any sort of veto on his actions vis-a-vis the South.

National Intelligence Bulletin

April 25, 1975

More likely, Kim's visit to Peking was essentially an effort to explore the possibilities for moving Pyongyang's campaign to weaken South Korea off dead center--in particular to learn China's current attitude toward the US military presence in Korea and prospects for gaining Chinese support for an initiative to secure a complete withdrawal of US troops from South Korea.

Kim might argue that, even if it failed, a diplomatic move of this sort would stir dissension between Seoul and the US and generate new arguments in Washington on the advisability of US forces remaining hostage to the acts of the competing Korean regimes.

Kim's presence in Peking probably had additional motives. Kim and the top North Korean military officials who accompanied him almost certainly requested more Chinese military aid. Kim's flamboyant presence was also an attempt to identify his regime with the current tide of communist success in Indochina and to generate at least the appearance of firm Chinese support for his 25-year campaign to unify Korea on communist terms.

25X1

National Intelligence Bulletin

April 25, 1975

NORTH KOREA

North Korean defaults on trade debts to the West are hindering deliveries of goods already under contract, as well as new purchase negotiations.

Pyongyang is behind in payments of many bank loans and letters of credit; some payments are as much as eight months overdue. [REDACTED]

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[REDACTED] Payments defaults to Japanese banks and business firms total some \$50 to \$100 million.

North Korea is the first communist country to default on payments to Western banks and its credit rating is poor. A Swiss bank recently ranked North Korea as only a somewhat better credit risk than Chile or Upper Volta. France and West Germany have suspended government guarantees for further credits, and Pyongyang's access to Japanese Export-Import Bank credits is in jeopardy. Even more serious, several firms have suspended production of equipment under existing North Korean contracts and have halted further deliveries until the problem is resolved.

North Korea has done little to deal with its problems, beyond offering assurances that debts will be paid in time and requesting extensions and new loans. Gold sales in the West have made only a small dent in the past due accounts. The payments crisis is likely to slow achievement of North Korea's ambitious goals for industrialization through the acquisition of Western technology.

In part, the current arrears in payments stem from improvident buying of so much equipment and grain. Pyongyang overestimated its ability to expand earnings from exports, which did well until the Western industrial boom turned sour and prices for principal export commodities fell. In addition, the problems reflect poor planning and management on the part of the North Koreans; their inexperience in Western trade and finance has been compounded by the inflation in prices of Western imports, freight services, and credit. [REDACTED]

25X1

National Intelligence Bulletin

April 25, 1975

SYRIA

During the recent Syrian Baath Party Congress, President Asad reportedly affirmed his intention to seek better relations with the US. Syrian Chief of Staff Shihabi has informed Ambassador Murphy that Asad sought to assure party members that this approach poses no threat to Syrian interests.

Shihabi said that he had never before heard Asad address the issue of US-Syrian relations so categorically and that Asad's views dominated the discussion. At past congresses of the Baath Party, delegates have vied with one another in attacking the US.

Asad, according to Shihabi, also tried to inject a note of realism into the party's discussion of the extent of Syrian backing for the Palestinians. Asad said, in effect, that the Palestinians would have to accept the fact that there is "no prospect of Israel changing its character as a Jewish state" and that there is no possibility that Israel can be destroyed. The President repeated, however, that Israel must withdraw from all territory occupied in 1967 and that the Palestinians should have the right to establish a Palestinian state on the West Bank and Gaza.

Shihabi's account may well have been passed to the US in an attempt to curry favor during the Middle East policy review by the US. Asad is probably anxious to preserve good relations with the US right now, when his relations with Egypt are uncertain and when he sees little chance for any diplomatic progress without a further US initiative.

Asad's reported statements on Israel are consistent with his remark last February that he was ready to sign a long-term peace treaty with Israel, provided that the Israelis withdraw to the pre-June 1967 borders and accept a Palestinian state. References by Asad to "historical realities" and to the indestructibility of Israel accord with other indications that Damascus is, at this point, reluctant to take on Israel militarily and believes that negotiations--however difficult--provide the best chance for regaining occupied territory.

25X1

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National Intelligence Bulletin

April 25, 1975

MOZAMBIQUE

Soon-to-be independent Mozambique is attempting to secure communist economic and military assistance without establishing strong political ties.

Samora Machel, leader of the Front for the Liberation of Mozambique, has traveled to several East European countries to secure assistance for the post-independence period after June 25, 1975. The trips--begun late last year--have reportedly resulted in promises to provide \$25 million in unspecified aid. The Soviet Union will supply the largest share, \$10 million; East Germany, \$5 million; and Czechoslovakia, Hungary, and Poland will provide \$10 million. East German and Soviet economic aid delegations arrived in Lourenco Marques in early 1975.

East Germany is expected to help establish Mozambique's security and intelligence service as well as to provide some militia training. Moscow will supply army materiel, and Poland is scheduled to deliver naval craft, probably patrol boats. Deliveries of Soviet small arms began arriving openly at the port of Beira in January; previously all equipment supplied by Moscow to the Front for the Liberation of Mozambique was sent through Dar es Salaam, Tanzania.



Despite his quest for communist assistance, Machel has consistently maintained that he does not wish to see Mozambique become the political vassal of any country or bloc of nations. Machel has indicated that Mozambique will be socialist, but that its form will be determined by local conditions and that aid from the West as well as the East will be welcome.



National Intelligence Bulletin

April 25, 1975

ETHIOPIA

The ruling military council has arrested some of its members for allegedly plotting a coup.

The number of council members in custody is not known. [REDACTED]

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Among those now being held are Lieutenant Colonel Negussie Haile and Captain Debessu Beyne--both members of the council's intelligence committee--and at least two enlisted men. Negussie is a member of the council's inner decision-making committee. [REDACTED]

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The dispute over land reform and the arrest of the alleged coup plotters may bring to a head several other contentious issues between the council and armed forces units. These include grievances over pay and allowances, the living conditions of some garrisons, and the council's failure to consult the units on important decisions.

The US embassy reports signs of rising tensions in Addis Ababa. Guard forces at key buildings have been increased this week, and additional checkpoints established on major roads. Some high Defense Ministry officials reportedly have fled the country. [REDACTED]

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Approved For Release 2007/03/06 : CIA-RDP79T00975A027600010044-7

National Intelligence Bulletin

April 25, 1975

ANNEX

Saigon's Access to the Sea

As the North Vietnamese continue their advance toward Saigon, access to the capital is becoming more critical. Most land routes have been cut, or they are strongly threatened, as are Tan Son Nhut and Bien Hoa airfields. The communists have had the capability for some time of attacking ships in the sea channel--the third access route to Saigon--with command-detonated water mines, but they have not done so.

25X1

The key to controlling the shipping lane is Vung Tau, located at the mouth of the channel.

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Saigon has moved a regiment of the ARVN 18th Division and the 1st Airborne Brigade to defend the area. Both units, however, recently fought at Xuan Loc and need rest and refitting. These units could probably hold the area unless the large numbers of refugees in Vung Tau create civil disorders and cause the defense to collapse--as occurred in Da Nang. (See map facing page 1.)

If the Vung Tau area is successfully defended, the communists might opt to interdict the channel from the east, between the Rung Sat mangrove swamp and Saigon. They would, however, expose their forces to artillery and air strikes, because the river banks are open. To

National Intelligence Bulletin

April 25, 1975

prevent this, the communists probably would first move against Bien Hoa airbase, and clear South Vietnamese forces from the area, an operation that would probably take two or three days. The channel could then be closed within a few hours.

If the North Vietnamese decided to move into the Nha Be area from the west, destroying this vital POL facility and closing the channel, they would have to close Route 4 permanently, isolate government forces in the delta, and eliminate the South Vietnamese troops at Binh Chanh. They would probably need two days to clear Binh Chanh and the area south of Saigon, and one or two more to capture the river bank.

The communists are not likely to try to close the ship channel in the Rung Sat. They would have to operate in difficult terrain and in water above their waists, while trying to move heavy equipment through an area where even a back pack is a great burden. Sampans could carry equipment, but it would be limited to small arms and mortars.

A major effort to interdict Saigon's sea lifeline would require a political decision in Hanoi to try to achieve the collapse of the South Vietnamese government without a direct attack on Saigon.

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Although Vung Tau has been targeted as well, closure of the shipping channel is probably not the primary purpose. The communists are determined to press their advantage and continue the disintegration of Saigon's military structure; closing the channel is only a secondary objective.

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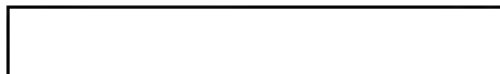
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